

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 1, 2018/2019

### **PAT0084 – INTRODUCTION TO COST AND MANAGEMENT ACCOUNTING**

(Foundation in Business)

23 OCTOBER 2018  
9.00 a.m -11.00 a.m  
(2 Hours)

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#### INSTRUCTIONS TO STUDENT

1. This question paper consists of **FIVE** pages with **FOUR** questions only.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet.

**STRUCTURED [100 MARKS]**

**Instructions:** Answer ALL questions. Write your answers in the Answer Booklet.

**QUESTION 1****Part A**

ENT Zone Limited produces two types of head phones, Wow and Youth. It uses activity based costing to assign costs to their products. The following information has been collected:

**Costing Data**

Activity	Cost driver	Wow	Youth	Total
Soldering	Machine hours	6,000	4,000	10,000
Inspecting	Labour hours	8,000	7,000	15,000
Packaging	Boxes	5,000	5,000	10,000

**Activity Cost Data**

Activity	Activity cost
Soldering	RM120,000
Inspecting	RM90,000
Packaging	RM82,000

**REQUIRED**

- a) Calculate the activity cost driver rate for each activity. (4.5 marks)
- b) Calculate the overhead cost for each activity. (9 marks)
- c) Calculate the total overhead cost for each head phones. (1.5 mark)

Continued...

**Part B**

Full Power Limited produces power bank. For simplicity, assume that the company has two departments, assembly and testing. The manufacturing costs in the testing department during April were:

	RM	RM
Transferred from assembly		300,000
Direct materials added		30,000
Conversion costs:		
Direct labour	60,000	
Factory overhead	30,000	90,000
Testing costs to account for		420,000

There was no beginning inventory of work in process. Suppose work on 20,000 power bank was begun in the testing department during April, but only 15,000 power bank were fully completed. All the parts had been made or placed in process, but only half the conversion costs had been completed for each of the power bank still in process.

**REQUIRED**

- a) Compute the equivalent units and unit costs for April. (7 marks)
- b) Compute the costs for units completed and transferred to finished goods department. (1 mark)
- c) Compute the cost of ending work in process. (2 marks)

**(Total 25 marks)**

**Continued...**

**QUESTION 2****Part A**

Emas Limited has the following data for its next fiscal year.

Detail	Budgeted Amount (RM)
Selling price per unit	30
Rental cost	250
Administrative salary	500
Insurance paid	300
Purchase price per unit	10
Commission paid per unit sold	5

**REQUIRED**

- Calculate the break-even point in units. (3 marks)
- If the company is able to sell 300 units of product, calculate the net profit that the company will generate. (3 marks)
- Based on (b), calculate margin of safety in units and sales value. (3 marks)
- Calculate the sales unit that would produce a profit of RM3,000. (3 marks)
- The company is considering paying an extra commission of RM2.50 per unit sold. If this change is made, what will be the new break-even point in sales value and in sales unit? (3 marks)

**Part B**

MO Manufacturing Sdn Bhd manufactures a single product. The following information relates to MO Manufacturing Sdn Bhd for the first quarter of 2019.

	Jan	Feb	March
Budgeted sales (units)	180,000	205,000	215,000
Desired inventories (units):		Materials	Finished goods
Jan, 1		110,000	103,000
Jan, 31		105,000	195,000
Feb, 28		115,000	180,500
March, 31		117,900	205,400

**Notes:**

- Selling price of the finished product is RM60 per unit.
- One unit of direct material is required to produce one finished product.
- Direct materials cost per unit is RM35.

**Continued...**

**REQUIRED**

Prepare the following budgets for MO Manufacturing Sdn Bhd for the months of January, February and March.

a) Production budget. (5 marks)

b) Direct materials purchase budget in quantity (5 marks)

(Total 25 marks)

**QUESTION 3**

DXL Sdn Bhd Company manufactures two products. The company is considering dropping Products B because that product line has an operating loss as follows:

	Products A	Products B
Sales Price	RM10	RM15
Sales Volume	5,000	5,000
Variable costs	RM6	RM12
Fixed costs	RM8,000	RM19,000
Net Income	RM12,000	(RM4,000)

If DXL Sdn Bhd discontinues Products B, 50% of the fixed costs for Products B are avoidable.

**REQUIRED**

a) Calculate the contribution margin per unit for both Product A and Product B. (6 marks)

b) Calculate the total net income for DXL Sdn Bhd Company using variable costing, if it continues both Products A and B. (8 marks)

c) Calculate the total net income for DXL Sdn Bhd Company using variable costing, if it discontinues Products B. (8 marks)

d) Should DXL Sdn Bhd Company drop Products B? Why or why not? (3 marks)

(Total 25 marks)

Continued...

**QUESTION 4**

KLM Sdn Bhd is a company that manufactures electronic components. In June 2018, the company produced 50,000 units of devices and 48,000 units was sold. The price of the devices is RM300 per unit. The following cost information pertain to KLM Sdn Bhd for June 2018:

<u>Manufacturing costs:</u>	
Direct materials cost (per unit)	RM 50
Direct labour cost (per unit)	RM 20
Variable manufacturing overhead cost (per unit)	RM 10
Fixed manufacturing overhead cost	RM2,300,000
<u>Selling and administrative expenses:</u>	
Variable per unit	RM 5
Fixed (Total for the month)	RM 250,000

**REQUIRED**

- a) Calculate unit product cost using absorption costing and variable costing.  
(10 marks)
- b) Prepare the income statement using both absorption costing and variable costing.  
(15 marks)

**(Total 25 marks)**

**End of Paper**